
PURCHASE AGREEMENT

dated as of

August 9, 2002

among

**GLOBAL CROSSING LTD.,
and GLOBAL CROSSING HOLDINGS LTD.,
debtors and debtors in possession**

**JOINT PROVISIONAL LIQUIDATORS,
of Global Crossing Ltd.
and Global Crossing Holdings Ltd.**

SINGAPORE TECHNOLOGIES TELEMEDIA PTE LTD

and

HUTCHISON TELECOMMUNICATIONS LIMITED

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SCHEDULES

PURCHASE AGREEMENT

This PURCHASE AGREEMENT (this "Agreement"), dated as of August 9, 2002, is entered into by and among Global Crossing Ltd., a company organized under the Laws of Bermuda (the "Company"), Global Crossing Holdings Ltd., a company organized under the Laws of Bermuda ("GX Holdings"), the Joint Provisional Liquidators of the Company and GX Holdings, Singapore Technologies Telemedia Pte Ltd, a company organized under the Laws of Singapore ("ST Telemedia"), and Hutchison Telecommunications Limited, a company organized under the Laws of Hong Kong ("Hutchison"). ST Telemedia and Hutchison are sometimes collectively referred to as the "Investors" and are sometimes referred to individually as an "Investor". Capitalized terms used herein (and in the Exhibits hereto) without definition shall have the meaning ascribed to such terms in Section 8.1 hereof.

WITNESSETH:

WHEREAS, the Company and certain of the Subsidiaries (the "Debtors") are debtors and debtors in possession under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101-1330 (as amended, the "Bankruptcy Code"), having each commenced voluntary cases (No. 02-40187 (REG) through 02-40241 (REG)) (together with all legal proceedings instituted in a United States Bankruptcy Court in connection with the Restructuring (as defined below) or otherwise involving the Company as debtor, the "Bankruptcy Case") on or after January 28, 2002 (the "Petition Date") in the United States Bankruptcy Court for the Southern District of New York (the "U.S. Bankruptcy Court");

WHEREAS, the Company, GX Holdings and those Subsidiaries set forth on Exhibit F (collectively with the Company and GX Holdings, the "Bermudian Debtors" and each a "Bermudian Debtor") petitioned the Supreme Court of Bermuda (the "Bermuda Court") on January 28, 2002, for the appointment of joint provisional liquidators and by orders dated January 28, 2002 (the "Bermuda Orders"), the Joint Provisional Liquidators were appointed by the Bermuda Court in respect of each Bermudian Debtor (the "Bermuda Case");

WHEREAS, the Bermuda Orders provide, *inter alia*, that (A) the Joint Provisional Liquidators have power to oversee and liaise with the Board of Directors (as defined below) in effecting a reorganization and/or refinancing of the Company and GX Holdings under the supervision of the Bermuda Court and the U.S. Bankruptcy Court, (B) the Joint Provisional Liquidators have the power to be consulted prior to, and have power to authorize without further order of the Bermuda Court, the sale or disposition of any business, operation, subsidiary, division or other significant assets of the Company and/or GX Holdings and (C) no payment or disposition of the Company's and/or GX Holdings' assets should be made or effected without the Joint Provisional Liquidators' direct or indirect approval;

WHEREAS, the Company has agreed to file a plan of reorganization supported and approved by the Investors with the U.S. Bankruptcy Court for the Company and each of its Subsidiaries that is a debtor in connection with the Bankruptcy Case to implement the transactions contemplated by this Agreement including the Restructuring as described herein (the "Bankruptcy Plan") and certain schemes of arrangement in respect of itself and the other Bermudian Debtors with the Bermuda Court (the "Schemes of Arrangement"), to effect the

transactions contemplated by this Agreement upon the terms and subject to the conditions set forth herein;

WHEREAS, the Company and GX Holdings desire to consummate, subject to confirmation of the Bankruptcy Plan by the U.S. Bankruptcy Court and sanctioning of the Schemes of Arrangement by the Bermuda Court, and each of the Company and GX Holdings has approved the transactions contemplated by this Agreement, including the Company Asset Transfer to a newly formed company, duly organized by the Company under the Laws of Bermuda or the Cayman Islands, as the Investors determine in their reasonable discretion ("New GX"), the capitalization of which will be the New GX Capitalization (as defined below), and consummation of the Bankruptcy Plan with respect to the Debtors;

WHEREAS, the Joint Provisional Liquidators are joined as parties to this Agreement for the sole purpose of agreeing to the matters set forth in Article V;

WHEREAS, the Company will be the sole shareholder of New GX until the consummation of the transactions contemplated by this Agreement upon the terms and conditions hereof;

WHEREAS, in connection with the Bankruptcy Plan, the Investors desire to make a significant investment in New GX and to consummate the transactions contemplated by this Agreement, upon the terms and conditions provided for herein;

WHEREAS, subject to the terms and conditions hereof, the Company has agreed to, and to cause the other Debtors to seek entry of an order of the U.S. Bankruptcy Court confirming the Bankruptcy Plan pursuant to Section 1129 of the Bankruptcy Code and have agreed to, and to cause the other Bermudian Debtors to, seek entry of an order of the Bermuda Court (the "Sanction Order") sanctioning the Schemes of Arrangement pursuant to the Companies Act 1981 of Bermuda (the "Companies Law");

WHEREAS, entry of the Confirmation Order and the Sanction Order would, pursuant to Section 1141 of the Bankruptcy Code and Sections 99 and 100 of the Companies Law, respectively, bind the Debtors and their creditors and, pursuant to the Bankruptcy Code, their equity security holders, to the Bankruptcy Plan and the Schemes of Arrangement, which includes the transactions contemplated by this Agreement, upon the terms and subject to the conditions set forth herein; and

WHEREAS, as an inducement to the Investors to enter into this Agreement, the Company shall, on or prior to the Closing (as defined below), cause New GX to enter into a Registration Rights Agreement with each Investor.

NOW, THEREFORE, in consideration of the premises and the mutual representations, warranties, covenants and agreements set forth in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

SUBSCRIPTION FOR NEW COMMON SHARES AND NEW PREFERRED SHARES

1.1 Subscription for New Company Shares. Subject to the terms and conditions hereof, at the Closing: (a) the Company shall cause New GX to issue to ST Telemedia, or to a subsidiary of ST Telemedia to which it is entitled to assign its rights pursuant to Section 8.3, 3,300,000 New Common Shares and 9,000,000 New Preferred Shares constituting 30.75% of the New Company Shares to be outstanding as of the Closing Date; (b) the Company shall cause New GX to issue to Hutchison, or to a subsidiary of Hutchison to which it is entitled to assign its rights pursuant to Section 8.3, 3,300,000 New Common Shares and 9,000,000 New Preferred Shares constituting 30.75% of the New Company Shares to be outstanding as of the Closing Date; (c) the Company shall cause New GX to issue pursuant to, and to be allocated in accordance with, the Bankruptcy Plan and the Schemes of Arrangement, to the pre-Petition Date creditors of the Debtors pursuant to the Restructuring 15,400,000 New Common Shares constituting 38.50% of the New Company Shares to be outstanding as of the Closing Date; and (d) each Investor agrees, severally and not jointly, to subscribe for and pay to New GX a purchase price of \$125,000,000 in cash, for an aggregate purchase price of \$250,000,000 (the "Purchase Price") in consideration of the issuance by New GX of the New Common Shares and the New Preferred Shares (collectively, the "New Company Shares") subscribed for upon the Closing. An Investor may assume the rights and obligations of the other Investor hereunder or may assign its rights to nominees or designees, in each case in accordance with and subject to the conditions contained in Section 8.3.

1.2 The Closing; Deliveries.

(a) The closing of the subscription for the New Company Shares hereunder and the other transactions contemplated hereby (the "Closing") shall take place at the offices of Latham & Watkins, 885 Third Avenue, Suite 1000, New York, NY 10022-4802, U.S.A., at a date (the "Closing Date") and time to be mutually agreed by the Company and the Investors, which shall be no more than five days after the date following the satisfaction or waiver (by the party entitled thereunder to waive any such condition) of all of the conditions set forth in Article VI (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of those conditions).

(b) At the Closing, the Company shall cause New GX to deliver share certificates to: (i) ST Telemedia representing the New Company Shares being purchased by ST Telemedia, each registered in the name of ST Telemedia or its nominee or designee as ST Telemedia shall specify to the Company prior to the Closing in accordance with and subject to the conditions contained in Section 8.3; (ii) Hutchison representing the New Company Shares being purchased by Hutchison registered in the name of Hutchison or its nominee or designee as Hutchison shall specify to the Company prior to the Closing in accordance with and subject to the conditions contained in Section 8.3; and (iii) the pre-Petition Date creditors of the Debtors representing the New Company Shares being issued, pursuant to, and to be allocated in accordance with, the Bankruptcy Plan and the Schemes of Arrangement, to the pre-Petition Date creditors of the Debtors pursuant to the Restructuring, each registered in the name of the applicable pre-Petition Date creditor or the nominee or designee as such pre-Petition Date

creditor shall specify to the Company prior to the Closing. Delivery of such certificates to each Investor and the pre-Petition Date creditors of the Debtors shall be made against receipt by New GX of the Purchase Price payable by each Investor, which shall be paid by wire transfer of immediately available funds to an account designated at least three Business Days prior to the Closing Date by the Company.

(c) At the Closing, the Company shall distribute, pursuant to, and to be allocated in accordance with, the Bankruptcy Plan and the Schemes of Arrangement, to the pre-Petition Date creditors of the Debtors cash in the amount and in accordance with the provisions set forth on Exhibit A.

(d) At the Closing, the Company shall cause New GX to distribute new debt securities to the pre-Petition Date creditors of the Debtors in the amount and with the terms and conditions set forth on Exhibit A-3.

(e) At the Closing, and in accordance with the Bankruptcy Plan and the Schemes of Arrangement, New GX shall execute and deliver to the Investors the Registration Rights Agreement.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to each Investor, as of the date hereof and as of the Closing Date (representations and warranties of the Company made as of the Closing Date shall be deemed to be made, except where otherwise specified, prior to giving effect to the Company Asset Transfer):

2.1 Organization; Subsidiaries.

(a) Each of the Company and GX Holdings is a company duly organized and validly existing under the Laws of Bermuda and has the requisite corporate power and authority to carry on its business as it is now being conducted. On the Closing Date, New GX will be a company duly organized, validly existing and in good standing under the Laws of Bermuda or the Cayman Islands, as the case may be, and will have the requisite corporate power and authority to carry on its business as proposed to be conducted. Each of the Company and GX Holdings is duly qualified and licensed as a foreign company to do business, and is in good standing (in jurisdictions where such concept is recognized and except for the appointment of the Joint Provisional Liquidators in Bermuda) in each jurisdiction where the character of its Assets owned or held under lease or the nature of its business makes such qualification or license necessary except where the failure to be so qualified or licensed has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) Schedule 2.1(b)(i) sets forth a complete and correct list as of the date hereof of each Person with respect to which the Company has, directly or indirectly, ownership of or rights with respect to securities or other interests having the power to elect a majority of such Person's board of directors or analogous or similar governing body, or otherwise having the power to direct the management, business or policies of that Person, which is a "Significant

Subsidiary" as defined in Rule 1-02(w) of Regulation S-X (each, a "Significant Subsidiary" and, collectively, the "Significant Subsidiaries"). Except as set forth on Schedule 2.1(b)(ii) or in Section 2.3, (i) all of the outstanding share capital of each Significant Subsidiary have been validly issued and are fully paid and nonassessable (in jurisdictions where such concept is recognized), (ii) the Company owns, either directly or indirectly through one or more Subsidiaries, all of the share capital or other equity interests of each Significant Subsidiary free and clear of any and all Encumbrances, and (iii) there are no outstanding subscription rights, options, warrants, convertible or exchangeable securities or other rights of any character whatsoever relating to issued or unissued share capital or other equity interests of any Significant Subsidiary, or any Commitments (as defined below) of any character whatsoever relating to issued or unissued share capital or other equity interests of any Significant Subsidiary or pursuant to which any Significant Subsidiary is or may become bound to issue or grant additional shares of its share capital or other equity interests or related subscription rights, options, warrants, convertible or exchangeable securities or other rights, or to grant preemptive rights. Except for any Subsidiaries which are not Significant Subsidiaries, all of which are set forth on Schedule 2.1(b)(iii), and except as set forth on Schedule 2.1(b)(iv), the Company does not own, directly or indirectly, any interest in any Person which is material to the Company and the Subsidiaries taken as a whole.

(c) Except as set forth on Schedule 2.1(c), (i) there are no voting trusts, shareholders agreements, proxies or other Commitments or understandings in effect to which any Significant Subsidiary is a party or of which it has Knowledge with respect to the voting or transfer of any of the outstanding shares of capital stock of any Significant Subsidiary, and (ii) there are no outstanding contractual obligations of any Significant Subsidiary that now obligate or in the future could obligate any of them to repurchase, redeem or otherwise acquire any shares of capital stock of any Significant Subsidiary or that constitute "phantom stock," "stock appreciation rights" or similar arrangements or commitments with respect to any Significant Subsidiary.

(d) Each Subsidiary is a corporation, partnership or limited liability company duly organized, validly existing and in good standing (in jurisdictions where such concept is recognized and except for the appointment of the Joint Provisional Liquidators in respect of the Bermudian Debtors) under the Laws of the jurisdiction of its organization and has, as applicable, the requisite corporate, partnership or limited liability company, power and authority to carry on its business as it is now being conducted, except for such failures to be in good standing which have not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Each Subsidiary is duly qualified and licensed as a foreign corporation or other business entity to do business and is in good standing and, except for the appointment of the Joint Provisional Liquidators in respect of the Bermudian Debtors, in each jurisdiction where the character of its Assets owned or held under lease or the nature of its business makes such qualification or license necessary, except where the failure to be so qualified or licensed has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

2.2 Due Authorization; Enforceability. Subject to the requirements that, (i) under Section 5.1, the Joint Provisional Liquidators obtain sanction from the Bermuda Court of their decision to approve the Company's and GX Holdings' entry into this Agreement, (ii) the

U.S. Bankruptcy Court approves the Company's and GX Holdings' entry into this Agreement, (iii) the Joint Provisional Liquidators have not withdrawn their approval of the Company's and GX Holding's entry into this Agreement pursuant to their fiduciary duties under Bermuda Law, (iv) the U.S. Bankruptcy Court confirms the Bankruptcy Plan and (v) the Schemes of Arrangement have been successfully implemented pursuant to Section 99 of the Companies Law, each of the Company and GX Holdings has, and on the Closing Date, New GX will have, all right, corporate power and authority to enter into, execute and deliver this Agreement and each of the other Transaction Documents to which it is a party and to consummate the transactions contemplated hereby and thereby. The execution and delivery by each of the Company and GX Holdings of this Agreement and each of the other Transaction Documents to which it is a party, the Company Asset Transfer and the compliance by each of the Company and GX Holdings with each of the provisions of this Agreement and each of the other Transaction Documents to which it is a party are within the corporate power and authority of the Company and GX Holdings and have been duly authorized by all requisite corporate and other action of the Company and GX Holdings. At the Closing, the execution and delivery by New GX of each of the Transaction Documents to which it is a party, the Company Asset Transfer and the compliance by New GX with each of the provisions of the Transaction Documents to which it is a party (including the reservation and issuance of the New Common Shares issuable upon conversion of the New Preferred Shares) shall be within the corporate power and authority of New GX and shall have been duly authorized by all requisite corporate and other action of New GX. At the Closing, the Confirmation Order, the Sanction Order, the Bankruptcy Plan and/or the Schemes of Arrangement, as the case may be, shall have directed and authorized the Company to form New GX, consummate the Company Asset Transfer and register the approved Schemes of Arrangement with the Registrar of Companies in Bermuda. This Agreement has been, and each of the other Transaction Documents to which the Company, GX Holdings or New GX is a party when executed and delivered by the Company, GX Holdings or New GX, as applicable, will be, duly and validly executed and delivered by the Company, GX Holdings and New GX, as applicable, and this Agreement constitutes, and each of such other Transaction Documents when executed and delivered by the Company, GX Holdings or New GX, as applicable, will constitute, a legal, valid and binding agreement of the Company, GX Holdings and New GX, as applicable, enforceable against the Company, GX Holdings and New GX, as applicable, in accordance with its respective terms, except as such enforcement is limited by bankruptcy, insolvency and other similar Laws affecting the enforcement of creditors' rights generally and for limitation imposed by general principles of equity.

2.3 Capitalization

(a) Except as otherwise provided in the Bankruptcy Plan and the Schemes of Arrangement and consented to by the Investors in their sole and absolute discretion immediately prior to the Closing, the authorized share capital of New GX will consist of (i) 55,000,000 New Common Shares, and (ii) 45,000,000 New Preferred Shares, and no share capital or voting securities, or securities convertible into or exchangeable for, or rights to subscribe for or require the issuance of, share capital or voting securities of New GX will be issued, reserved for issuance, or outstanding, other than 1,000 New Common Shares which will be issued and owned by the Company and 3,478,500 New Common Shares which will be reserved for issuance upon exercise of share options pursuant to the New GX Management Plan.

(b) All of the outstanding shares of capital stock and other equity interests of the Subsidiaries have been duly authorized and are validly issued and outstanding, fully paid and nonassessable (in jurisdictions where such concept is recognized).

(c) Upon the Bankruptcy Plan and the Schemes of Arrangement becoming effective and consummation of the Company Asset Transfer and except as set forth on Schedule 2.3, (i) no shares of capital stock or other voting securities, or securities convertible into or exchangeable for, or rights to subscribe for or require the issuance of, capital stock or voting securities, of any Subsidiary (other than GX Holdings) shall be issued or outstanding, except for shares of capital stock or other securities of such Subsidiaries owned, directly or indirectly, by New GX and its wholly owned Subsidiaries and (ii) no Encumbrances shall exist over any equity securities of the Subsidiaries.

(d) As of the Closing, after giving effect to the Bankruptcy Plan and the Schemes of Arrangement, (i) the Company Asset Transfer will be completed, (ii) the New Company Shares being acquired by ST Telemedia and/or its designee in accordance with and subject to the conditions contained in Section 8.3 will constitute 30.75% of the New Company Shares to be outstanding as of the Closing Date and 28.29% of the New Outstanding Equity, (iii) the New Company Shares being acquired by Hutchison and/or its designee in accordance with and subject to the conditions contained in Section 8.3 will constitute 30.75% of the New Company Shares to be outstanding as of the Closing Date and 28.29% of the New Outstanding Equity, (iv) the New Company Shares being issued, pursuant to, and to be allocated in accordance with, the Bankruptcy Plan and the Schemes of Arrangement, to the pre-Petition Date creditors of the Debtors and/or their designees pursuant to the Restructuring will constitute 38.50% of the New Company Shares to be outstanding as of the Closing Date and 35.42% of the New Outstanding Equity, and (v) the complete equity capitalization of New GX shall be the New GX Capitalization. The New Common Shares and New Preferred Shares, when issued and delivered in accordance with the terms of this Agreement, will be duly authorized and validly issued and outstanding, fully paid and nonassessable (in jurisdictions where such concept is recognized), free and clear of any and all Encumbrances and not subject to the preemptive or other similar rights of any shareholders of New GX, other than restrictions imposed by applicable securities Laws and as set forth in the Registration Rights Agreement or in Exhibit A-2. The New Common Shares issuable upon conversion of the New Preferred Shares will have been validly reserved for issuance at the Closing, and upon such issuance in accordance with the Certificate of Designations, will be duly authorized, fully paid and nonassessable (in jurisdictions where such concept is recognized), free and clear of any and all Encumbrances and not subject to the preemptive or other similar rights of any shareholders of New GX, other than restrictions imposed by applicable securities Laws and as set forth in Exhibit A-2. The New Preferred Shares will have the rights, powers, preferences and privileges set out in the Certificate of Designations.

2.4 SEC Reports. Except as set forth on Schedule 2.4, the Company has timely filed all proxy statements, reports, registration statements, schedules, forms and other documents required to be filed by it under the Exchange Act and the Securities Act and has made available to each Investor complete copies of all such proxy statements, reports, registration statements, schedules, forms and other documents and other reports filed (or required to be filed) by the Company since January 1, 1999 through and including December 28, 2001 under the

Exchange Act and the Securities Act, each as filed with the SEC (collectively, the "SEC Reports"). All proxy statements, reports, registration statements, schedules, forms and other documents filed by the Company and/or the Subsidiaries after the date hereof through the Closing Date will, if and when filed, be in compliance in all material respects with the requirements of its respective report form, the Exchange Act and the Securities Act and will not, at the time they are filed or declared effective, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading; provided, however, that any failure by the Company to file any proxy statement, report, registration statement, schedule, form and other documents shall not constitute a breach of this Section 2.4. Except as set forth on Schedule 2.4, none of the Subsidiaries are required to file any statements or reports with the SEC.

2.5 Financial Statements.

(a) The consolidated Monthly Operating Statements of the Company and the Subsidiaries filed with the U.S. Bankruptcy Court (the "Monthly Operating Statements") for the months of February through June 2002 are set forth on Schedule 2.5(a). Except as set forth on Schedule 2.5(a), each of the Monthly Operating Statements: (i) is derived from and is in accordance with the books and records of the Company and the Subsidiaries; (ii) has been prepared in accordance with United States generally accepted accounting principles ("GAAP") consistently followed throughout the periods involved (except as may be indicated in the notes thereto); and (iii) fairly presents in all material respects in accordance with GAAP the consolidated financial condition and results of operations of the Company and the Subsidiaries as of the respective dates thereof and for the respective periods then ended, subject in each case to changes resulting from normal year-end adjustments and except, in each case, for adjustments (if any) that result from the resolution of matters disclosed in the footnotes to such financial statements, including the SEC Investigation, the lack of independent public accountants and the write-down of assets, which such adjustments will be, individually or in the aggregate, material to the business, assets, Liabilities, operating results or financial condition of the Company and the Subsidiaries. The consolidated Monthly Operating Statement of the Company and the Subsidiaries for the six month period ended June 30, 2002 (the "Six Month Operating Statement") is set forth on Schedule 2.5(a). The Six Month Operating Statement is derived from and is in accordance with the books and records of the Company and the Subsidiaries, except as disclosed in the notes to the Monthly Operating Statements for the months of February through June 2002.

(b) Except as set forth on Schedule 2.5(b), since June 30, 2002, neither the Company nor any Subsidiary has any Indebtedness or Liabilities other than Indebtedness or Liabilities incurred in the Ordinary Course of Business or which would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Except as set forth on Schedule 2.5(b), the Company has not factored any of its receivables or entered into any off-balance sheet or other financing arrangement of a type which would not be required to be shown or reflected in the Monthly Operating Statements.

(c) Except as set forth on Schedule 2.5(c), since January 1, 2002, the Company and its Subsidiaries have maintained a system of internal accounting controls sufficient

to provide reasonable assurance that (a) transactions are executed in accordance with management's general or specific authorizations, (b) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP, (c) access to assets is permitted only in accordance with management's general or specific authorization, and (d) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

2.6 Absence of Certain Changes.

(a) Except as disclosed on Schedule 2.6(a), and except for the commencement and continuation of the Bankruptcy Case and the Bermuda Case, since December 31, 2001, the Company has conducted its business only in the Ordinary Course of Business, and during such period there has not been:

(i) except as consented to by the Investors and approved by the U.S. Bankruptcy Court, (A) any granting by the Company or any Subsidiary to any current or former director, officer or employee of the Company or any Subsidiary of any increase in their compensation or benefits in excess of \$100,000 in the aggregate for any individual, except to the extent required under employment agreements which are enforceable under the Bankruptcy Code and which were in effect as of December 31, 2001, (B) any granting by the Company or any Subsidiary to any such director, officer or employee of any increase in severance or termination pay in excess of \$100,000 in the aggregate for any individual, except as was required under any employment, severance or termination policy, practice or agreements which are enforceable under the Bankruptcy Code and which were in effect as of December 31, 2001, or (C) any entry by the Company or any Subsidiary into, or any amendment of, any employment, severance or termination agreement, or any other agreement involving annual compensation in excess of \$100,000, with any such director, officer or employee; provided, that all increases, accelerations, determinations, cancellations or extinguishments under Sections 2.6(a)(i) and (ii) collectively shall not exceed \$5,000,000 in the aggregate; or

(ii) except as consented to by the Investors and approved by the U.S. Bankruptcy Court, any (A) material increase in the benefits under, or the establishment, material amendment or termination of, any material bonus, insurance, severance, deferred compensation, pension, retirement, profit sharing or other material employee benefit plan covering current or former directors, officers or employees of the Company or any Subsidiary, (B) action to accelerate any rights or benefits, or make any material determinations not in the Ordinary Course of Business, under any collective bargaining agreement or Benefits Plan, or (C) cancellation or extinguishment by the Company or any Subsidiary of loans or advances made to any current or former director, officer or employee of the Company or any Subsidiary in excess of \$100,000 in the aggregate per individual; provided, that all increases, accelerations, determinations, cancellation or extinguishments under Sections 2.6(a)(i) and (ii) collectively shall not exceed \$5,000,000 in the aggregate; or

(b) Except as disclosed on Schedule 2.6(b), since December 31, 2001 there has not been:

(i) any (A) declaration, setting aside or payment of any dividends on, or making of any other distributions in respect of, any of the Common Shares or the capital stock of GX Holdings (including dividends required to be paid by the Company or any Subsidiary pursuant to the terms of any preferred stock), (B) split, combination or reclassification of any of the Common Shares or the capital stock of GX Holdings or issuance or authorization of the issuance of any other securities in respect of, in lieu of or in substitution for the Common Shares or any shares of capital stock, or (C) purchase, redemption, exchange or other acquisition of any shares of Common Shares or the capital stock of GX Holdings or any other securities of the Company or GX Holdings or any rights, warrants or options to acquire any such shares or other securities, except in the case of (B) and (C), as required by any employee benefit plan of the Company or GX Holdings existing as of the date hereof;

(ii) any change in accounting methods, principles or practices by the Company or any Subsidiary affecting the consolidated assets, Liabilities or results of operations of the Company, except insofar as may have been required by a change in GAAP or by applicable Law;

(iii) any issuance, delivery, sale or grant by the Company or any Subsidiary of (A) any shares of its capital stock (other than the issuance of the New Company Shares expressly contemplated by the Agreement), (B) any bonds, debentures, notes or other Indebtedness of the Company or any Subsidiary having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which holders of Common Shares may vote or any other voting securities, (C) any securities convertible into or exchangeable for, or any options, warrants or rights to acquire, any such shares of voting securities or convertible or exchangeable securities, or (D) any "phantom" stock, "phantom" stock rights, stock appreciation rights or stock-based performance units, other than (x) the vesting of restricted Common Shares or (y) the issuance of Common Shares upon the exercise of options outstanding on the date hereof granted under the 1998 Global Crossing Ltd. Stock Incentive Plan, as amended, in accordance with its terms;

(iv) any material amendment of the charter or organizational documents of the Company or any Subsidiary;

(v) any (A) acquisition or agreement to acquire by the Company or any Subsidiary by merging or consolidating with, or by purchasing a substantial equity interest in or portion of the assets of, or by any other manner, any business or any corporation, partnership, joint venture, association or other business organization or division thereof involving an expenditure in excess of \$5,000,000 in the aggregate, (B) agreement to acquire any assets that are material, individually or in the aggregate, to the Company and the Subsidiaries taken as a whole, except as set forth on Schedule 2.6(b)(v), or (C) commitment by the Company or any Subsidiary to purchase or build any property involving an expenditure in excess of \$5,000,000 in the aggregate on a consolidated basis;

(vi) any sale, lease (as lessor), licensing or other disposition of, or incurrence of any Encumbrance (other than Permitted Encumbrances) on, any material properties or assets of the Company or any Subsidiary, except for sales, leases, licenses or other dispositions of property, assets or inventory made in the Ordinary Course of Business;

(vii) in the periods from December 31, 2001 to and including the Petition Date and at any time after the Petition Date (except as consented to by the Investors and approved by the U.S. Bankruptcy Court and except for Indebtedness owed by one wholly-owned Subsidiary of the Company to another wholly-owned Subsidiary of the Company), any (A) payment, discharge or satisfaction of any claims or Liabilities of the Company or any Subsidiary other than in the Ordinary Course of Business, (B) incurrence of any additional Indebtedness in excess of \$2,500,000 individually or \$10,000,000 in the aggregate on a consolidated basis, (C) assumption, grant, guarantee or endorsement, or any other accommodation or arrangement making the Company or any Subsidiary responsible for, any Indebtedness of any other Person in excess of \$500,000 individually or \$5,000,000 in the aggregate on a consolidated basis, (D) other than in the Ordinary Course of Business, cancellation of any Indebtedness in excess of \$500,000 individually or \$1,000,000 in the aggregate on a consolidated basis or waiver of any claims or rights of substantial value by the Company or any Subsidiary, (E) waiver of the benefits of, or agreement to modify in any manner, any material confidentiality, standstill or similar agreement to which the Company or any Subsidiary is a party, or (F) material loans made, material advances or material capital contributions to, or material investments in, any Person by the Company or any Subsidiary, except loans to wholly-owned Subsidiaries pursuant to the Cash Management Order;

(viii) any redemption, retirement, defeasance, offer to purchase or change any material term of any Public Debt, or any making of any interest payments or other distributions with respect thereto, except pursuant to the Bankruptcy Plan or the Schemes of Arrangement;

(ix) permitting any insurance policy listed on Schedule 2.16 to lapse or cease to remain effective or be renewed when subject to expiration without replacing such policy immediately upon notice of pending, threatened or actual cancellation, termination, expiration or otherwise with a substantially similar policy with respect to coverage and amount (including with respect to attorneys' fees) such that the insurance coverage of the Company and the Subsidiaries under such insurance policy will not remain continuously effective; or

(x) any authorization, commitment or agreement by the Company or any Subsidiary to take any of the actions described in this Section 2.6.

(c) Except as disclosed on Schedule 2.6(c), and except for the commencement and continuation of the Bankruptcy Case and the Bermuda Case, since December 31, 2001 to the date hereof, there has not occurred any Material Adverse Effect.

2.7 Litigation

(a) Except as set forth on Schedule 2.7(a) or as disclosed in the SEC Reports, there is no claim, action, suit, investigation or proceeding ("Litigation") pending or, to the Knowledge of the Company, threatened before any court, arbitrator or other Governmental Entity which (i) seeks to restrain, materially modify, prevent or materially delay the consummation of the transactions contemplated by this Agreement and the other Transaction Documents, (ii) subject to the qualifications set forth in the last sentence of Section 6.1(b), seeks to prohibit or limit the ownership or operation by the Company or either Investor or any of its

respective Affiliates of any material portion of the business or assets of the Company and the Subsidiaries taken as a whole or any material business or asset of either Investor or any of its respective Affiliates, or to compel the Company, either Investor or any of its respective Affiliates to dispose or hold separate any portion of such business or assets, (iii) seeks to impose material limitations on the ability of either Investor or any of its respective Affiliates to acquire or hold, or exercise full rights of ownership of, any New Company Shares, (iv) seeks damages or a discovery order in connection with such transactions against either Investor that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, or (v) if resolved adversely to the Company or any Subsidiary, would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) Except as set forth on Schedule 2.7(b) or as disclosed in the SEC Reports, neither the Company nor any Subsidiary is in default under or in breach of any order, judgment, injunction or decree of any court, arbitrator or other Governmental Entity, and neither the Company nor any Subsidiary is a party or subject to any order, judgment, injunction or decree of any court, arbitrator or other Governmental Entity which in either case would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

2.8 No Conflicts or Violations; Consents. Except as set forth on Schedule 2.8(a), neither the execution, delivery or performance by (1) each of the Company and GX Holdings of this Agreement or any of the other Transaction Documents to which it is a party or (2) New GX of the Transaction Documents to which it is a party, nor the consummation of the Company Asset Transfer and the other transactions contemplated hereby or under the other Transaction Documents will: (a) conflict with, or result in a breach or a violation of, any provision of the memorandum of association, certificate of incorporation or bylaws or other organizational documents of the Company, any Subsidiary or New GX, as applicable; (b) constitute, with or without notice or the passage of time or both, a breach, violation or default, create any Encumbrance, or give rise to any right of termination, modification, cancellation, prepayment, suspension, limitation, revocation or acceleration, under any Law applicable to or binding on the Company or any Subsidiary or any provision of any Commitment to which the Company or any Subsidiary or New GX is a party or pursuant to which any of them or any of their assets or properties is subject, except for breaches, violations, defaults, Encumbrances, or rights of termination, modification, cancellation, prepayment, suspension, revocation or acceleration, which would not reasonably be expected to result in, individually or in the aggregate, a Material Adverse Effect; or (c) except for (i) the filing of the memorandum of association and bye-laws of New GX in Bermuda or the Cayman Islands as the case may be, (ii) any required filings under the Exchange Act or the Securities Act, (iii) the Regulatory Approvals, (iv) the approval of the Joint Provisional Liquidators of the entry by the Company and GX Holdings into this Agreement and the other Transaction Documents to which the Joint Provisional Liquidators are a party, which approval has been provided in Section 5.1, (v) the Confirmation Order, (vi) the Sanction Order, and (vii) any consents of third parties required under any Commitment to which the Company or any Subsidiary is a party or pursuant to which any of them or any of their assets or properties is subject, all of which are set forth on Schedule 2.8(b) (the "Third Party Consents"), require any consent, approval or authorization of, notification to, filing with, or exemption or waiver by, any Governmental Entity or any other Person on the part of the Company, any Subsidiary or New GX. Schedule 2.8(c) lists all Third

Party Consents, the failure of which to obtain would reasonably be expected to result in, individually or in the aggregate, a Material Adverse Effect.

2.9 Regulatory Matters.

(a) The Company or the Subsidiaries have (and, on the Closing Date, after giving effect to the Bankruptcy Plan and the Schemes of Arrangement, New GX or the Subsidiaries will have) all licenses, permits, certificates, franchises, consents, waivers, registrations or other regulatory authorizations from the appropriate Governmental Entity in each applicable jurisdiction for the conduct of their business as presently conducted, including: (i) the FCC (together with any renewals, extensions or modifications thereof and any additions thereto made as of the Closing Date, the "FCC Licenses"); (ii) the State PUCs (together with any renewals, extensions, or modifications thereof and any additions thereto made as of the Closing Date, the "State Licenses"); (iii) municipal Governmental Entities (together with any renewals, extensions, or modifications thereof and any additions thereto made as of the Closing Date, the "Local Authorizations"); and (iv) the appropriate non-U.S. Governmental Entities (together with any renewals, extensions, or modifications thereof and any additions thereto made as of the Closing Date, the "Non-U.S. Licenses" and, together with FCC Licenses, State Licenses and Local Authorizations, the "Communications Licenses"), except where the failure to hold any such Communications Licenses or any other licenses, permits, certificates, franchises, consents, waivers, registrations or other regulatory authorizations would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. All of the FCC Licenses, State Licenses and Non-U.S. Licenses are set forth on Schedule 2.9(a).

(b) Other than Communications Licenses the loss of which would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, each of the Communications Licenses was duly issued, is valid and in full force and effect, has not been suspended, canceled, revoked or modified in any adverse manner, is not subject to conditions or requirements that are not generally imposed on such authorizations, and is validly held, free and clear of all Encumbrances.

(c) Except as set forth in Schedule 2.9(c)(i) or as would not, individually or in the aggregate, have a Material Adverse Effect, each holder of a Communications License (i) has operated in all respects in compliance with all terms thereof including all system build-out requirements, and (ii) is in all respects in compliance with, and the conduct of its business has been and is in compliance with, the Communications Act and any other applicable Law, and has filed all registrations, statements, documents and reports and paid all fees required by the Communications Act and any other applicable Law. Except as would not reasonably be expected to result in, individually or in the aggregate, a Material Adverse Effect, (A) there is no pending or, to the Knowledge of the Company, threatened action by or before the FCC, any State PUC, any municipal Governmental Entity or any non-U.S. Governmental Entity to revoke, cancel, suspend, modify or refuse to renew any of the Communications Licenses, and (B) except as set forth on Schedule 2.9(c)(ii), there is not now issued, outstanding or, to the Knowledge of the Company, threatened, any notice by the FCC, any State PUC, any municipal Governmental Entity or any non-U.S. Governmental Entity of any violation or complaint, or any application, complaint, or proceeding (other than applications, proceedings, or complaints that generally affect the Company's industry as a whole) relating to the business or operations of the Company

or any Subsidiary. To the Knowledge of the Company, no Person has asserted in writing to a Governmental Entity that a material Communications License should be modified or revoked, or that the Company or any Subsidiary is not in material compliance with any Communications License.

(d) Except as set forth on Schedule 2.9(d) or as would not reasonably be expected to result in, individually or in the aggregate, a Material Adverse Effect, no event has occurred which would permit the revocation or termination of any of the Communications Licenses or the imposition of any restriction thereon, or that would prevent any of the Communications Licenses from being renewed on a routine basis or in the ordinary course.

(e) Schedule 2.9(e) sets forth a complete list of all Telecom Approvals (other than from a municipal Governmental Entity, the failure of which to receive would not reasonably be expected to result in, individually or in the aggregate, a Material Adverse Effect) and to the Knowledge of the Company, all other Regulatory Approvals required in connection with the consummation of the transactions contemplated by this Agreement and the other Transaction Documents. Assuming the receipt of the consents referred to on Schedule 2.9(e), none of the execution, delivery or performance of this Agreement or any of the other Transaction Documents by the Company or New GX, nor the consummation of the transactions contemplated hereby or thereby, will result in any revocation, cancellation, suspension or modification of any Communications Licenses or give rise to the right of any Governmental Entity to take any such action or to fail to renew any Communications License, except for any such revocation, cancellation, suspension, modification or action by any Governmental Entity as would not reasonably be expected to result in, individually or in the aggregate, a Material Adverse Effect.

(f) Except as set forth in Schedule 2.9(f), neither the Company, nor any Subsidiary has (i) a security clearance issued by any Governmental Entity or (ii) a request for a new or upgraded security clearance in process with any Governmental Entity.

2.10 Compliance with Laws. Except as set forth on Schedule 2.10 or as disclosed in the SEC Reports, the Company and each Subsidiary are in compliance in all respects with all applicable Laws, except where failure to so comply would not reasonably be expected to result in, individually or in the aggregate, a Material Adverse Effect, and except for matters arising under the Communications Act and other communications Laws, which are treated exclusively in Section 2.9, and matters arising under Environmental Laws, which are treated exclusively in Section 2.15, and neither the Company nor any Subsidiary has received any notice of any alleged violation of any Law applicable to it that would reasonably be expected to have or will result in, individually or in the aggregate, a Material Adverse Effect. Except as set forth on Schedule 2.10, no investigations, inquiries or reviews by any Governmental Entity with respect to the Company or any Subsidiary have been commenced, except as would not result in, individually or in the aggregate, a Material Adverse Effect. To the Knowledge of the Company, no such investigations, inquiries or reviews are pending or threatened and no event has occurred or circumstance exists that (with or without notice or lapse of time) would reasonably be expected to give rise to or serve as a basis for the commencement of any such investigation, inquiry or review. In addition to the Communications Licenses, the Company and each Subsidiary holds and is in compliance with (and, on the Closing Date, after giving effect to the Bankruptcy Plan and the Schemes of Arrangement, New GX and the Subsidiaries will hold and

be in compliance with) all other licenses, franchise permits, consents, registrations, certificates, and other governmental or regulatory permits, authorizations or approvals required for the operation of the business as presently conducted and for the ownership, lease or operation of the Company's and the Subsidiaries' properties, except as would not reasonably be expected to result in, individually or in the aggregate, a Material Adverse Effect (collectively, "Licenses"). Except as set forth on Schedule 2.10, all of such Licenses are valid and in full force and effect and shall remain so immediately following the consummation of the transactions contemplated by this Agreement and the other Transaction Documents, and the Company and the Subsidiaries have duly performed and are in compliance in all respects with all of their respective obligations under such Licenses, except as would not reasonably be expected to result in, individually or in the aggregate, a Material Adverse Effect. To the Knowledge of the Company, no Person has alleged any violation or failure to comply by the Company or any Subsidiary, with any License listed or required to be listed on Schedule 2.10, no suspension, cancellation or termination of any such License is threatened, and no event has occurred or circumstances exist that may (with or without notice or lapse of time) constitute or result directly or indirectly in a violation of or failure to comply with any term or requirement of any such License, or result directly or indirectly in the revocation, withdrawal, suspension, cancellation or termination of, or any modification to, any such License, except as would not reasonably be expected to result in, individually or in the aggregate, a Material Adverse Effect.

2.11 Commitments. Schedule 2.11 sets forth as of the date hereof each executory Commitment of the following types to which the Company or any Subsidiary is a party and by or to which the Company or any Subsidiary or any of their properties is currently bound or subject or may be bound or subject: (a) each Commitment containing covenants purporting to limit the freedom of the Company, any Subsidiary or any of their respective Affiliates to compete or participate in any line of business or activities in any geographic area ("Non-Compete Covenants"); (b) each Commitment relating to planned or in-process capital expenditures in excess of \$10,000,000 in the aggregate; (c) each Commitment relating to indentures, mortgages, promissory notes, loan agreements, guarantees, letters of credit or other agreements or instruments of the Company or any Subsidiary involving Indebtedness in amounts in excess of \$10,000,000 in the aggregate; (d) each Commitment relating to the acquisition or disposition of any operating business or the capital stock of any Person in each case having a purchase price in excess of \$10,000,000 that has not been consummated; (e) each Commitment in respect of any material joint venture, partnership or other similar arrangement, involving a sharing of profits, losses, costs or Liabilities on the part of the Company or any Subsidiary; (f) each Commitment (i) with any Governmental Entity and (ii) with any other Person where a Governmental Entity is known to be the end-user or beneficiary of the goods or services supplied to such Person, in each case with identification of any Commitment that is known to involve classified business or information; (g) each Commitment related to the purchases or sales of indefeasible rights of use or leases of capacity, in each case in excess of \$10,000,000 in the aggregate, and each Commitment related to the sales of indefeasible rights of use or leases of capacity where the Company or any Subsidiary has received full or partial payment for services or capacity in excess of \$5,000,000 and where the Company or any Subsidiary has not fully satisfied or discharged the obligation to provide such services or capacity; (h) each Commitment relating to interconnection agreements with local carriers and each Commitment with resellers involving payments in 2001, or reasonably expected to involve payments in 2002, in each case in excess of \$5,000,000 in the aggregate; (i) each Commitment with customers to the

extent such Commitment generates, in the aggregate, revenues in excess of 1% of the Company's consolidated gross revenues for the year ended December 31, 2001; and (j) each material agreement and contract (including licenses, sublicenses or similar rights) relating to the Company Intellectual Property. Except as set forth on Schedule 2.11 or as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect and except with respect to Executory Contracts included on the Rejection List, as of the Closing Date, (A) neither the Company nor any Subsidiary will be in breach of any Commitment; (B) to the Knowledge of the Company, no other party to a Commitment will be in breach thereof or intends to cancel, terminate or refuse to renew such Commitment or to exercise or decline to exercise any option or right thereunder; and (C) each Commitment will remain (and, on the Closing Date, after giving effect to the Bankruptcy Plan and the Schemes of Arrangement, will remain) valid and binding in accordance with its terms.

2.12 Taxes. Except as set forth on Schedule 2.12:

(a) The Company and each Subsidiary has timely filed with the appropriate taxing authorities all material Tax Returns required to be filed by any of them. The Tax Returns filed are complete and accurate in all material respects. Except as prohibited or stayed by the Bankruptcy Code, all Taxes covered by such Tax Returns owed by the Company and each Subsidiary (whether or not shown on any Tax Return) have been timely paid or adequately reserved for on the June 30 Balance Sheet.

(b) The unpaid Taxes of the Company and the Subsidiaries (i) did not, as of June 30, 2002, exceed the reserves (excluding any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the June 30 Balance Sheet (rather than in any notes thereto), and (ii) will not exceed that reserve as adjusted for operations and transactions through the Closing Date in accordance with the past custom and practice of the Company and the Subsidiaries.

(c) Except as prohibited or stayed by the Bankruptcy Code, the Company and each Subsidiary has withheld and paid over to the relevant taxing authority all material Taxes required to have been withheld and paid in connection with amounts owed or owing to any employees, independent contractors, creditors, stockholders or other third parties.

(d) There are no material Encumbrances for Taxes upon the assets of the Company or any Subsidiary except Encumbrances for Taxes not yet due and payable (or that are being contested in good faith).

(e) There are no material outstanding deficiencies for any Taxes threatened, proposed, asserted or assessed in writing against the Company or any Subsidiary. There are no pending or, to the Knowledge of the Company or any Subsidiary, threatened audits, examinations, assessments or other actions for or relating to any liability in respect of Taxes of the Company or any Subsidiary. Audits of foreign, federal, state and local Tax Returns by the relevant taxing authorities have been completed for the periods set forth on Schedule 2.12, and none of the Company, any Subsidiary, or any predecessor has been notified that any taxing authority intends to audit a Tax Return for any other period. The Company and the Subsidiaries have delivered or made available to the Investors complete, as filed, copies of foreign, federal,

state and local Tax Returns of the Company, the Subsidiaries and their predecessors for the years ended December 31, 1997, 1998, 1999 and 2000, and complete and accurate copies of all examination reports and statements of deficiencies assessed against or agreed to by the Company, any Subsidiary or any predecessor since December 31, 1997.

(f) Neither the Company nor any Subsidiary is or has ever been a member of an "affiliated group" (within the meaning of Section 1504(a) of the Code) or of any group that has filed a combined, consolidated, unitary or similar state, local or foreign Tax Return.

(g) Neither the Company nor any Subsidiary has any liability for the Taxes of any person (other than the Company or any Subsidiary) (i) under Treasury Regulation Section 1.1502-6 or any similar provision of state, local or foreign law, (ii) as a transferee or a successor, (iii) by contract, or (iv) otherwise.

(h) There are no Tax sharing, Tax indemnity or other similar agreements or arrangements with respect to or involving the Company, any Subsidiary, the assets or the business of the Company or any Subsidiary, and, after the Closing Date, none of New GX, any Subsidiary, the assets or the business of New GX or any Subsidiary shall be bound by any such Tax sharing, Tax indemnity or other similar agreements or arrangements or have any liability thereunder for amounts due in respect of periods prior to the Closing Date.

(i) No material claim has ever been made in writing by any taxing authority in any jurisdiction where the Company or any Subsidiary does not file Tax Returns that the Company or such Subsidiary is or may be subject to taxation by that jurisdiction.

(j) Neither the Company nor any Subsidiary is the beneficiary of any extension of time within which to file any Tax Return. None of the Company, any Subsidiary, or any predecessor has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency. No power of attorney with respect to any such Taxes or Tax Returns, has been filed with any Governmental Entity.

(k) All elections with respect to Taxes affecting the Company, any Subsidiary, or the assets of the Company or any Subsidiary, as of the date hereof are set forth on Schedule 2.12. Neither the Company nor any Subsidiary has (i) consented at any time under Section 341(f)(1) of the Code to have the provisions of Section 341(f)(2) of the Code apply to any disposition of any its assets; (ii) agreed, or is required, to make any adjustment under Section 481(a) of the Code by reason of a change in accounting method or otherwise; (iii) made an election, or is required, to treat any of its assets as owned by another Person pursuant to the provisions of Section 168(f) of the Code or as tax-exempt bond financed property or tax-exempt use property within the meaning of Section 168 of the Code; (iv) acquired and does not own any assets that directly or indirectly secure any debt the interest on which is tax exempt under Section 103(a) of the Code; (v) made, nor will it make, a consent dividend election under Section 565 of the Code; (vi) elected at any time to be treated as an S corporation within the meaning of Sections 1361 or 1362 of the Code; or (vii) made any of the foregoing elections or is required to apply any of the foregoing rules under any comparable foreign, state or local Tax provision.

(l) Neither the Company nor any Subsidiary: (i) is a partner for Tax purposes with respect to any joint venture, partnership, or other arrangement or contract which is treated as a partnership for Tax purposes, (ii) owns a single member limited liability company which is treated as a disregarded entity for federal income tax purposes, (iii) is a shareholder of a "controlled foreign corporation" as defined in Section 957 of the Code (or any similar provision of state, local or foreign law) or (iv) is a "personal holding company" as defined in Section 542 of the Code (or any similar provision of state, local or foreign law).

(m) Neither the Company nor any Subsidiary constituted either a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(a)(1)(A) of the Code) in a distribution qualifying for tax-free treatment under Section 355(a) of the Code.

(n) Neither the Company nor any Subsidiary has ever participated in or is participating in an international boycott within the meaning of Section 999 of the Code.

(o) Neither the Company nor any Subsidiary is or has been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code.

(p) The Company has, and has caused each Subsidiary to, (i) use its reasonable efforts to resolve all material outstanding deficiencies, audits, examinations, assessments, or other actions pending, proposed or threatened relating to liability in respect of Taxes of the Company or any Subsidiary, and (ii) conduct its business so as to preserve for future use, to the extent reasonably practicable, all attributes of the Company and the Subsidiaries relating to Taxes (including net operating losses, refunds, credits, and offsets).

2.13 ERISA Compliance; Absence of Changes in Benefits Plans.

(a) Schedule 2.13(a)(i) contains a true and complete list, as of the date hereof, of all material Benefits Plans. True and complete copies of each of the following documents have been made available by the Company to the Investors: (i) each Benefits Plan and all amendments thereto, and the last written interpretation and description thereof which has been distributed to the plan participants prior to the date hereof, (ii) all funding arrangements with respect to the Benefits Plans, (iii) a description of any Benefits Plan which is not in writing, and (iv) each Employee Agreement. Except as set forth in Schedule 2.13(a)(ii), since December 31, 2001, until the date hereof, there has not been any adoption or amendment in any respect by the Company or any of the Subsidiaries of any Benefits Plan or Employee Agreement, nor has there been any material change in any actuarial or other assumptions used to calculate funding obligations with respect to any material Benefits Plan, or any change in the manner in which such contributions are determined which, individually or in the aggregate, could result in a material increase in the Company's or the Subsidiaries' Liabilities thereunder.

(b) With respect to the Benefits Plans and Employee Agreements, no event has occurred and there exists no condition or set of circumstances in connection with which the Company or any of the Subsidiaries could be subject to any liability under ERISA, the Code or any other applicable Law that would reasonably be expected to result in, individually or in the aggregate, a Material Adverse Effect.

(c) Each Benefits Plan has been administered substantially in accordance with its terms, and all the Benefits Plans have been operated and are in material compliance with the applicable provisions of ERISA, the Code and all other applicable Laws. Except as set forth on Schedule 2.13(c), the IRS has issued a favorable determination letter with respect to the qualification of each Benefits Plan that constitutes an "employee pension benefit plan" as defined in ERISA which is intended to be qualified under Section 401(a) of the Code, and, to the Knowledge of the Company, the IRS has not taken any action to revoke any such letter and no facts or circumstances exist which could cause such revocation.

(d) Neither the Company nor any of its ERISA Affiliates has incurred any material unsatisfied liability under Title IV of ERISA in connection with any Benefits Plan and, to the Knowledge of the Company, no condition exists that presents a material risk to the Company or any ERISA Affiliate of incurring any such liability. No Benefits Plan has incurred an "accumulated funding deficiency" within the meaning of Section 302 of ERISA or Section 412 of the Code, whether or not waived. Except as set forth on Schedule 2.13(d) or as would not reasonably be expected to result in a material liability to the Company, with respect to each Benefits Plan that is subject to Title IV or Part 3 of Title I of ERISA or Section 412 of the Code, (i) no reportable event has occurred or is expected to occur; (ii) there is no "unfunded benefit liability" (within the meaning of Section 4001(a)(18) of ERISA); (iii) the Company and its ERISA Affiliates have made when due any and all "required installments" within the meaning of Section 412(m) of the Code and Section 302(e) of ERISA; (iv) neither the Company nor any of its ERISA Affiliates is required to provide security under Section 401(a)(29) of the Code; (v) all premiums (and interest charges and penalties for late payment, if applicable) have been paid when due to the Pension Benefit Guaranty Corporation ("PBGC"); and (vi) no filing has been made by the Company or any of its ERISA Affiliates with the PBGC and no proceeding has been commenced by the PBGC to terminate any such Benefits Plan and no condition exists which could constitute grounds for the termination of any such Benefits Plan by the PBGC.

(e) No Benefits Plan (i) is subject to Title IV of ERISA, except as set forth on Schedule 2.13(e)(i); (ii) is a "multi-employer plan" within the meaning of Section 3(37) of ERISA; (iii) is a "multiple employer plan" within the meaning of Section 413(c) of the Code; or (iv) is or at any time was funded through a "welfare benefit fund" within the meaning of Section 419(e) of the Code and, except as set forth on Schedule 2.13(e)(iv), no benefits under a Benefits Plan are or at any time have been provided through a voluntary employees' beneficiary association within the meaning of Section 501(c)(9) of the Code or a supplemental unemployment benefit plan within the meaning of Section 501(c)(17) of the Code.

(f) Except as set forth on Schedule 2.13(f), no Benefits Plan provides medical benefits coverage (whether or not insured), with respect to current or former employees after retirement or other termination of service (other than (i) coverage mandated by statute or (ii) benefits the full cost of which is borne by the current or former employee).

(g) Except as set forth on Schedule 2.13(g), the consummation of the transactions contemplated by this Agreement and the other Transaction Documents will not, either alone or in combination with another event, (i) entitle any current or former employee, agent, independent contractor or officer of the Company or any Subsidiary to severance pay, unemployment compensation or any other payment, except as expressly provided in this

Agreement, (ii) accelerate the time of payment or vesting, or increase the amount of compensation due any such employee, agent, independent contractor or officer, (iii) constitute a "change in control" causing an increase or acceleration of benefits under any Benefits Plan, or (iv) result in any payment or benefit that could reasonably be characterized as an "excess parachute payment" within the meaning of Section 280G(b)(1) of the Code.

(h) Except as set forth on Schedule 2.7(a), there is no pending or, to the Knowledge of the Company, threatened (i) assessment, complaint, proceeding, or investigation of any kind in any court or government agency with respect to any Benefits Plans (other than routine claims for benefits) or (ii) litigation relating to the employment or termination of employment of any current or former employee of the Company or any Subsidiary, in each case that could result in any material liability.

With respect to each Benefits Plan which is subject to the Laws of any jurisdiction outside of the United States ("Non-U.S. Plans"), (i) such Non-U.S. Plan has been maintained in all material respects in accordance with all applicable requirements and all applicable Laws, (ii) if such Non-U.S. Plan is intended to qualify for special tax treatment, the Non-U.S. Plan meets all requirements for such treatment, except as would not reasonably be expected to result in a material liability to the Company, (iii) if such Non-U.S. Plan is intended to be funded and/or book-reserved, the Non-U.S. Plan is fully funded and/or book reserved, as appropriate, based upon reasonable actuarial assumptions, except (with respect to Global Marine) to the extent that any shortfall in such funding or reserves would not result in any material Liability to the Company or any Subsidiary (other than Global Marine and its subsidiaries), and (with respect to GCUK) to the extent that any shortfall in such funding or reserves would not result in any material Liability to the Company or any Subsidiary (including GCUK) and (iv) no material liability exists or reasonably could be imposed upon the assets of the Company or the Subsidiaries by reason of such Non-U.S. Plan.

(i) Neither the Company nor any of its ERISA Affiliates has engaged in, or has Knowledge that a "party in interest" or a "disqualified person" has engaged in, a "prohibited transaction," as defined in Section 4975 of the Code or Section 406 of ERISA, or taken any actions, or failed to take any actions, which would reasonably be expected to result in any material liability to the Company under ERISA or the Code. No fiduciary has any liability for breach of fiduciary duty or any other failure to act or comply in connection with the administration or investment of the assets of any of the Benefits Plans, and to the Knowledge of the Company, no facts exist which could reasonably form the basis for any such liability.

(j) Neither the Company nor any of its ERISA Affiliates has any material liability under Section 502 of ERISA and no circumstances exist which could reasonably be expected to result in a material liability thereunder.

(k) Schedule 2.13(l) sets forth the following information with respect to each time period (each, a "Lockdown Period") during which participants in the Benefits Plans were not permitted to sell or otherwise transfer shares or other assets allocated to their accounts under the Benefits Plans or any trust or funding vehicle thereunder, (i) the dates on which the Lockdown Period began and ended, (ii) all rules and conditions applicable to the Lockdown Period, and (iii) the Company's reasons for imposing the Lockdown Period. The Company has

made available to each Investor all written documents and materials relating to the Lockdown Periods, including all correspondence to and from any participants. The Company has not made any oral representation to any participant in any Benefit Plan which is inconsistent with any written communication relating to any Lockdown Period.

2.14 Intellectual Property; Technology.

(a) Schedule 2.14(a) sets forth a true and complete list of all material Company Intellectual Property and all jurisdictions where such Company Intellectual Property is registered or protected or where applications have been filed, together with all patent, registration and applications numbers. Except as set forth on Schedule 2.14(a), the Company and each of the Subsidiaries own (and, on the Closing Date, after giving effect to the Bankruptcy Plan and the Schemes of Arrangement, New GX and the Subsidiaries will own) exclusively and have the exclusive and unrestricted right to use, or, in the case of licensed rights, have valid rights to use, the Company Intellectual Property, free and clear of all Encumbrances, except when such failure to own or possess the right to use would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. No other Intellectual Property right is necessary for the conduct of the businesses of the Company or any Subsidiary as presently conducted except for such right the failure to possess would not reasonably be likely to have, individually or in the aggregate, a Material Adverse Effect. The Company Intellectual Property is valid and enforceable, except as would not reasonably be expected to result in a Material Adverse Effect.

(b) Except as set forth on Schedule 2.14(b), or as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (i) the Company Intellectual Property and the businesses of the Company and the Subsidiaries (as presently and proposed to be conducted) do not infringe upon, violate or misappropriate the rights of any Person, (ii) the consummation of the transactions contemplated hereby will not result in the loss or impairment of any of the Company Intellectual Property, or any right pertaining thereto, and (iii) the Company and each Subsidiary have taken all reasonable precautions and security measures to protect the secrecy, confidentiality and value of its trade secrets. Except as set forth on Schedule 2.14(b), (A) neither the Company nor any Subsidiary is aware of any infringement or unauthorized use by any Person of any of the Company Intellectual Property, and (B) the Company Intellectual Property (including the validity and title thereto) has not been questioned in or the subject of any prior Litigation, is not being questioned in or the subject of any pending Litigation, and, to the Knowledge of the Company, is not the subject of any threatened or proposed Litigation, except in each case for such Litigation which would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

2.15 Environmental Matters. Except as described on Schedule 2.15, or as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (a) each of the Company, the Subsidiaries and their respective predecessors and Affiliates (collectively for this Section 2.15, the "Companies") are now and have always been in compliance with all Environmental Laws and the Companies have all Environmental Permits necessary for the conduct and operation of the business as now being conducted, and all such permits are in good standing; (b) there is not now and has not been any Hazardous Material used, generated, treated, stored, transported, disposed of, released, handled or otherwise existing on,

under, about, or emanating from or to, any of the Companies owned, leased or operated property associated with the business except in full compliance with all applicable Environmental Laws; (c) none of the Companies have received any notice of alleged, actual or potential responsibility or liability for, or any inquiry or investigation regarding, any release or threatened release of Hazardous Materials or alleged violation of, or non-compliance with, any Environmental Law, nor are any of the Companies aware of any information which might form the basis of any such notice or claim; (d) there is no site to which any of the Companies have transported or arranged for the transport of Hazardous Materials which is or may become the subject of any environmental action; (e) there is not now nor has there ever been any underground storage tank at any of the Companies owned, leased or operated property; (f) none of the Companies have released any other Person from claims or liability under any Environmental Law nor waived any rights concerning any claims under any Environmental Law; and (g) true, complete and correct copies of sampling results, environmental or safety audits or inspections, or other written reports concerning environmental, health or safety issues, pertaining to any operations of any of the Companies or property owned, leased or operated by any of the Companies, have been provided to the Investors.

2.16 Insurance. Schedule 2.16 contains a complete and correct list and summary description (including the name of insurer(s), name of insured(s), amount of coverage, type of coverage, deductible amounts and significant exclusions) of all material insurance policies maintained (including directors' and officers' liability insurance), and all pending applications for material policies of insurance, by or on behalf of the Company or any Subsidiary. The Company has made available to each Investor complete and correct copies of all such policies together with all riders and amendments thereto and all material correspondence (including any notices of cancellation) thereof. All such policies are valid and in full force and effect and the Company will use reasonable efforts to cause such policies to continue in full force and effect following the consummation of the transactions contemplated by this Agreement and the other Transaction Documents. The Company and each Subsidiary have complied in all material respects with the terms and provisions of such policies and have paid all premiums due on or before the date hereof. No notice of cancellation, termination or reduction coverage, or increase of premium, or intention to cancel, terminate or reduce coverage or increase premium, has been received by the Company or any Subsidiary with respect to any such policies. To the Knowledge of the Company, the insurance coverage provided by such policies: (i) is on such terms (including as to deductibles and self-insured retentions), (ii) covers such categories of risk (including errors and omissions, property and casualty, directors' and officers' liability, and workers' compensation liability, securities liability, fiduciary liability, employment practices), and (iii) is in such amounts as, with respect to each of the criteria set forth in the foregoing clauses (i) through (iii), is adequate and suitable for the business and operations of the Company and the Subsidiaries. Neither the Company nor any Subsidiary has done or omitted to do any act, or allowed any Person to do or omit to do any act, which act or omission might render any of the insurance policies void or voidable and which would reasonably be expected to result in, individually or in the aggregate, a Material Adverse Effect.

2.17 Title to Property.

(a) Neither the Company nor any Subsidiary owns any material real property or interests in material real property except for the Owned Real Property, as set forth on

Schedule 2.17(a). With respect to any Owned Real Property set forth on Schedule 2.17(a), the Company and the Subsidiaries have and, on the Closing Date after giving effect to the Bankruptcy Plan and the Schemes of Arrangement, New GX and the Subsidiaries will continue to have, good, valid and (subject to provisions of the Bankruptcy Code conditioning the sale or lease of property upon U.S. Bankruptcy Court approval) marketable title to the Owned Real Property, free and clear of all Encumbrances other than (i) liens for Taxes not yet due and payable (or that are being contested in good faith), (ii) landlords', mechanics', workmen's, materialmen's, or similar liens, to the extent the obligations secured thereby are not past due, and (iii) Encumbrances attaching after the Petition Date and which are not released or otherwise addressed pursuant to the Bankruptcy Plan and the Schemes of Arrangement, except for such Encumbrances as would not reasonably be expected to result in, individually or in the aggregate, a Material Adverse Effect (collectively, the "Permitted Encumbrances"). Except as set forth on Schedule 2.17(a), neither the Company nor any Subsidiary is a lessor, sublessor or grantor under any lease, sublease or other instrument granting to another Person any material right to the possession, lease, occupancy or enjoyment of the Owned Real Property.

(b) Schedule 2.17(b)(i) sets forth a true and complete list of all leases, subleases, licenses and other agreements in effect as of the date hereof (collectively, the "Real Property Leases") under which the Company and any Subsidiary leases, subleases, uses or occupies or has the right to use or occupy, now or in the future, any real property which require payments in excess of \$10,000,000 in the aggregate over its term (the land, buildings and other improvements covered by the Real Property Leases, collectively, the "Leased Real Property"). The Company has heretofore made available to the Investors true, correct and complete copies of all of the Real Property Leases (including all modifications thereof and all amendments and supplements thereto). Except as set forth on Schedule 2.17(b)(ii) or as would not reasonably be expected to have a Material Adverse Effect, each Real Property Lease is valid, binding and in full force and effect; no notice of default or termination under any Real Property Lease is outstanding; no termination event or condition or uncured default on the part of the Company or its applicable Subsidiary, or, to the Knowledge of the Company, the landlord, exists under any Real Property Lease and, to the Knowledge of the Company, no event has occurred and no condition exists which, with the giving of notice or the lapse of time or both, would constitute such a default or termination event. The Company and each Subsidiary has (and, on the Closing Date after giving effect to the Bankruptcy Plan and the Schemes of Arrangement, New GX and the Subsidiaries will have) good and valid title to the leasehold estates under each Real Property Lease that it is a party to, free and clear of all Encumbrances except for matters set forth in the Real Property Leases and except for Permitted Encumbrances. The Owned Real Property and the Leased Real Property (collectively, the "Real Property") constitute all material real property interests held and used by the Company and the Subsidiaries in the operation of their businesses. Neither the Company nor any Subsidiary is obligated under any option, right of first refusal or other contractual right to purchase, acquire, sell or dispose of any material real property interests included in the Real Property or any material portion thereof. Neither the Company nor any Subsidiary has received written notice of any actual, pending or threatened condemnation proceeding affecting, or any other proceeding that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on, the Real Property or any part thereof. To the Knowledge of the Company, no portion of the Real Property nor the use, occupancy and operation thereof, is in violation of any Law or any building zoning or other

ordinance code or regulation, except for such violations which would not reasonably be expected to result in, individually or in the aggregate, a Material Adverse Effect.

(c) Neither the Company nor any Subsidiary is a guarantor of any Indebtedness of any party under any lease, sublease or other occupancy agreement which require payments in excess of \$5,000,000 in the aggregate over its term, other than the agreements listed on Schedule 2.17(c) (collectively, the "Lease Guaranties"). Except as set forth on Schedule 2.17(c), neither the Company nor any Subsidiary has received any notice of any default or any claim, except for such defaults which would not reasonably be expected to result in, individually or in the aggregate, a Material Adverse Effect, for any amounts required to be paid by the Company or any Subsidiary under any Lease Guaranties and all such Lease Guaranties are in full, force and effect.

(d) Other than the network facilities which are addressed in Section 2.18 below and except as would not reasonably be expected to result in, individually or in the aggregate, a Material Adverse Effect, the Assets are structurally sound and are in such operating condition and repair as is consistent with standards generally followed in the industry. Except as would not reasonably be expected to result, individually or in the aggregate, in a Material Adverse Effect, the Assets are adequate for the uses to which they are being (or proposed to be) put, and none of the Assets is in need of maintenance or repairs except for ordinary, routine maintenance and repairs that are not material in nature or cost and taking into account the age and length of the use of the same, ordinary wear and tear excepted. Except as would not reasonably be expected to result, individually or in the aggregate, in a Material Adverse Effect, there are no facts or conditions affecting any of the Assets which could, individually or in the aggregate, interfere in any respect with the occupancy or operation thereof as currently occupied or operated.

2.18 Network Facilities.

(a) Schedule 2.18(a) contains a map of the longhaul network (including the subsea, terrestrial, national and international fiber optic networks extending over approximately 75,800 route miles and approximately 1,495,000 fiber miles) which is owned or leased by the Company or its Subsidiaries (and, on the Closing Date, after giving effect to the Bankruptcy Plan and the Schemes of Arrangement, which will be owned or leased by New GX or its Subsidiaries) and each longhaul segment therein, with each longhaul network and each longhaul segment clearly labeled. Schedule 2.18(a) separately describes the Company's and the Subsidiaries' longhaul network and each longhaul segment therein, setting forth, for each longhaul segment, the Company or Subsidiary which owns or leases the segment, the number of route miles in the segment and the number of wavelengths (with a description of the capacity of such wavelengths), fibers and fiber miles owned by the Company or the relevant Subsidiary (indicating those fibers that are currently equipped for the transmission of telecommunication services and those that are not yet so equipped, *i.e.*, both lit and dark fibers). Schedule 2.18(a) sets forth the number of route miles of fibers on each route provided by the Company or the relevant Subsidiary to third parties pursuant to agreements providing for an indefeasible right to use (the "IRU Agreements"), lease or other agreements. Schedule 2.18(a) also sets forth the portions of the longhaul network and the longhaul segments (including the number of fibers on

each route) that are provided by third parties to the Company or any Subsidiary through IRU Agreements, lease or other agreements and the Company and/or Subsidiary party thereto.

(b) Schedule 2.18(b) contains a map of the Company's and the Subsidiaries' longhaul network (including the subsea, terrestrial, national and international fiber optic networks) and each longhaul segment therein which are currently under construction and not available to the Company or the Subsidiaries with each longhaul network and each longhaul segment therein clearly labeled. Schedule 2.18(b) describes the Company's and the Subsidiaries' longhaul network and each longhaul segment therein which is currently under construction and not available for use, setting forth, for each longhaul segment, the expected number of route miles in the segment and the expected number of wavelengths (with a description of the capacity of such wavelengths), and the expected date of completion of construction and availability of the fibers and fiber miles to the Company or the relevant Subsidiary.

(c) Except to the extent that the Company or a Subsidiary can access the Company's Customer Base directly through the facilities set forth on Schedule 2.18(a) or as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, the Company or a Subsidiary has all rights necessary to offer telecommunication services to the Company's Customer Base on a resale or other basis ("Customer Access Rights") from a local exchange carrier. Schedule 2.18(c) sets forth all of the Customer Access Rights as organized by country, and for the United States, by State.

(d) Except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, the facilities shown in the maps and described on Schedule 2.18(a)-(b) and the related rights and interests and other personal property (including the equipment located on or required to operate such facilities) of the Company and the Subsidiaries, both tangible and intangible (collectively, the "Network Facilities"), are sufficient, structurally sound and are in such operating condition and repair (given due account to the age and length of use of the same, ordinary wear and tear excepted) as is reasonably required to conduct the business as it is currently conducted by the Company and the Subsidiaries and provide all the services currently provided by the Company and the Subsidiaries. The information provided in the maps on Schedules 2.18(a)-(b) is true, complete and current in all material respects subject to inherent dimensional limitations of the presentation of such information on maps. Except as set forth on Schedule 2.18(d), since December 31, 2001, there has been no material interruption or disruption of services provided to or by the Company or any Subsidiary or for which the Company or any Subsidiary is liable, which resulted from (i) a series of repeated outages or (ii) a single outage which lasted continuously for one hour or longer at the optical level (OCS/STM1 and above).

(e) Except as set forth on Schedule 2.18(e), or as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, the Company or a Subsidiary has (and, on the Closing Date, after giving effect to the Bankruptcy Plan and the Schemes of Arrangement, New GX and the Subsidiaries will have) good and marketable title to each Network Facility owned by the Company or a Subsidiary. Except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, each of the Network Facilities owned by the Company or a Subsidiary: (i) is located on property in which the Company or such Subsidiary holds either good and marketable title or valid rights of way of

record; (ii) is free and clear of any Encumbrances; (iii) is not subject to any pending Litigation or administrative actions relating to any such property or right of way; (iv) except as set forth on Schedule 2.8(a), has received all approvals of Governmental Entities required in the ownership or operation thereof and has been operated and maintained in accordance with applicable Laws; and (v) is not subject to any lease, sublease, license, concession or other agreement, written or oral, granting to any party or parties the right of use or occupancy of any portion of any property or right of way, except for such leases, subleases, licenses, concessions or other agreements granted to any party or parties in the Ordinary Course of Business.

(f) Except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, each IRU Agreement, lease or other agreement permitting the Company or any Subsidiary to use each Network Facility is legal, valid and binding on the parties thereto in accordance with its terms, subject to bankruptcy or insolvency Laws and permits the Company and the relevant Subsidiary to use the applicable Network Facility listed in Schedule 2.18(a), and is enforceable in accordance with its terms. Except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, the Company or a Subsidiary has an IRU Agreement or other agreement permitting it to use all of the Network Facilities that are not owned by the Company or a Subsidiary.

2.19 Suppliers. Set forth on Schedule 2.19 is a complete and accurate list of the nine most significant (a) equipment suppliers, (b) maintenance suppliers, and (c) access providers of the Company and the Subsidiaries (based upon dollars billed to the Company or any Subsidiary) during the Company's fiscal year ending December 31, 2001, showing the approximate total billings to the Company or any Subsidiary from each such supplier or access provider during such fiscal year. Except as set forth on Schedule 2.19, since December 31, 2001, there has not been any (i) termination, cancellation, curtailment or change in terms of the business relationship of the Company or any Subsidiary with any of the equipment suppliers or access providers set forth on Schedule 2.19 or (ii) notice (written or otherwise) from any of the equipment suppliers or access providers set forth on Schedule 2.19 of an intent or request to so terminate, cancel, curtail or change, and, to the Knowledge of the Company, no threat or indication that any such termination, cancellation, curtailment or change is reasonably foreseeable, except, in each case, for such termination, cancellation, curtailment or change which would not reasonably be expected to result in, individually or in the aggregate, a Material Adverse Effect.

2.20 Accounts Receivable.

(a) Except as set forth on Schedule 2.20(a), as of the Closing Date, taking into account the reserves for uncollectible accounts set forth in the Monthly Operating Statements of the Company and the Subsidiaries for the end of the month immediately preceding the Closing, all of the accounts reflected on such statements were, and all of the accounts that are reflected in the schedule delivered pursuant to Section 4.16 are, accounts receivable that (i) arose from valid sales in the Ordinary Course of Business, (ii) are not subject to any material rights of set-off, counterclaim or contest relating to the validity or amount of such accounts receivable, and (iii) are collectable in the Ordinary Course of Business.

(b) Except as set forth on Schedule 2.20(b), neither the Company nor any Subsidiary has any Encumbrance subsisting over the whole or any part of its present or future revenues or any Commitment having a similar effect.

2.21 Transactions with Certain Affiliates. Set forth on Schedule 2.21 is a list of each Commitment existing or being negotiated as of the date hereof between or among the Company and/or any Subsidiary, on the one hand, and AGC or its subsidiaries, on the other hand. Except as set forth in Schedule 2.21, there have been no transactions, agreements, arrangements or understandings between the Company or any Subsidiary, on the one hand, and any of the Company's Affiliates or any other Person, on the other hand, that would be required to be disclosed under Item 404 of Regulation S-K under the Securities Act assuming a threshold of \$500,000.

2.22 Labor Matters; Employee Relations.

(a) Except as set forth in Schedule 2.22(a), (i) there are no claims or proceedings pending or, to the Knowledge of the Company, threatened, between the Company or any Subsidiary and any of their respective employees, which claims or proceedings have had or reasonably would be expected to have, individually or in the aggregate, a Material Adverse Effect; (ii) neither the Company nor any Subsidiary is a party to any collective bargaining agreement or other labor union contract applicable to persons employed by the Company or any Subsidiary; (iii) there is no activity or, to the Knowledge of the Company, any threatened activity the purpose of which is to achieve representation of Persons employed by the Company or any Subsidiary other than in connection with the Bankruptcy Case; and (iv) there are no strikes, slowdowns, work stoppages, lockouts, or, to the Knowledge of the Company, threats thereof, by or with respect to any employees of the Company or any Subsidiary.

(b) As of the date hereof, to the Knowledge of the Company, none of John Legere, Jose Antonio Rios, John McShane, Chris Nash, Jerry Santos, Anthony Christie, Dan Cohrs, Joe Perrone, Carl Grivner or John Comparin have terminated, or have provided notice that he intends to terminate, his employment relationship with the Company or any Subsidiary.

(c) Except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, the Company and each Subsidiary are and have been in compliance with all applicable federal, state and local Laws, rules and regulations (domestic and foreign) respecting employment, employment practices, labor, terms and conditions of employment and wages and hours, in each case, with respect to employees.

(d) Except as disclosed on Schedule 2.22(d), no term of employment of any employee of the Company or any Subsidiary provides that a change in control of the Company or any Subsidiary entitles such employee to treat the change of control as amounting to a breach of such employee's contract or entitles such employee to any payment or benefit whatsoever or entitles such employee to treat himself or herself as redundant or otherwise dismissed or released from any obligation.

2.23 Brokers or Finders. Except for the financial advisers set forth on Schedule 2.23, whose fees will be paid entirely by the Company, upon the consummation of the

transactions contemplated by this Agreement and the other Transaction Documents, no agent, broker, investment banker or other Person is or will be entitled to any broker's or finder's fee or any other commission or similar fee from the Company or any of the Subsidiaries in connection with any of the transactions contemplated by this Agreement or the other Transaction Documents.

2.24 No Prior Activities of New GX. On the Closing Date, New GX will have no assets, and will not have incurred, directly or indirectly, any Liabilities, except those incurred or assumed in connection with its organization, under the Bankruptcy Plan and the Schemes of Arrangement or pursuant to any of the Transaction Documents. New GX will not have engaged, directly or indirectly, in any business or activity of any type or kind, or entered into any agreement or arrangement with any Person, or be subject to or bound by any obligation or undertaking, that is not contemplated by or in connection with the Bankruptcy Plan and the Schemes of Arrangement or any of the Transaction Documents.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE INVESTORS

Each Investor hereby represents and warrants to the Company, with respect to itself only, severally and not jointly, as of the date hereof and as of the Closing Date, as follows:

3.1 Acquisition for Investment. Such Investor is acquiring the New Company Shares being purchased by it for its own account, for investment and not with a view to the distribution thereof within the meaning of the Securities Act.

3.2 Restricted Securities. Such Investor understands that (a) the New Company Shares being purchased by it have not been registered under the Securities Act or any state securities Laws by reason of their issuance by New GX in a transaction exempt from the registration requirements thereof, and (b) the New Company Shares may not be sold or otherwise disposed of unless such sale or disposition is approved by the Bermuda Monetary Authority and registered under the Securities Act and applicable state securities Laws or such sale or other disposition is exempt from registration thereunder.

3.3 Status. Such Investor (a) is not a "U.S. Person" (as defined in Rule 902 under the Securities Act) and/or (b) is an "accredited investor" (as defined in Rule 501(a) under the Securities Act).

3.4 Organization.

(a) ST Telemedia is duly organized and validly existing under the Laws of Singapore and has all requisite power and authority to carry on its business as it is now being conducted.

(b) Hutchison is duly organized and validly existing under the Laws of Hong Kong and has the requisite power and authority to carry on its business as it is now being conducted.

3.5 Due Authorization. Such Investor has all right, power and authority to enter into, execute and deliver this Agreement and the other Transaction Documents to which it is a party and to consummate the transactions contemplated hereby and thereby. The execution and delivery by such Investor of this Agreement and the other Transaction Documents to which it is a party and the consummation by such Investor of the transactions contemplated hereby and thereby (a) are within the power and authority of such Investor and (b) have been duly authorized by all necessary action on the part of such Investor. This Agreement constitutes, and each of the other Transaction Documents to which it is a party will constitute upon execution and delivery by such Investor, a legal, valid and binding agreement of such Investor enforceable against such Investor in accordance with its respective terms, except as such enforcement is limited by bankruptcy, insolvency and other similar Laws affecting the enforcement of creditors' rights generally and for limitations imposed by general principles of equity.

3.6 Consents; No Violations. Except as set forth on Schedule 3.6, neither the execution, delivery or performance by such Investor of this Agreement or any of the other Transaction Documents to which it is a party nor the consummation by such Investor of the transactions contemplated hereby or thereby will: (a) conflict with, or result in a breach or violation of, any provision of the organizational documents of such Investor; (b) constitute, with or without notice or the passage of time or both, a breach, violation or default, create an Encumbrance, or give rise to any right of termination, modification, cancellation, prepayment, suspension, limitation, revocation or acceleration, under (i) any Law or (ii) any provision of any Commitment of such Investor, or to which such Investor or any of its assets or properties is subject, except, with respect to the matters set forth in clause (ii), for breaches, violations, defaults, Encumbrances, or rights of termination, modification, cancellation, prepayment, suspension, limitation, revocation or acceleration, which, individually or in the aggregate, could not have a material adverse effect on the ability of each Investor to consummate the transactions contemplated hereby; or (c) to the knowledge of each Investor, except as set forth on Schedule 3.6 and except for the Regulatory Approvals, the Confirmation Order and the Sanction Order, require any consent, approval or authorization of, notification to, filing with, or exemption or waiver by, any Governmental Entity or any other Person on the part of such Investor.

3.7 Availability of Funds. At the Closing, such Investor will have available or committed sufficient funds to pay its respective portion of the Purchase Price.

3.8 Litigation. There is no Litigation pending, or to the knowledge of such Investor, threatened before any court, arbitrator or other Governmental Entity which if resolved adversely to such Investor, would reasonably be expected to have, individually or in the aggregate, a material adverse effect on the ability of such Investor to consummate the transactions contemplated by this Agreement.

3.9 Brokers or Finders. Except for the fees of Goldman Sachs (Asia) L.L.C. with respect to Hutchison and Merrill Lynch (Singapore) Pte. Ltd. with respect to ST Telemedia, whose fees are the sole responsibility of such Investor, upon the consummation of the transactions contemplated by this Agreement and the other Transaction Documents, no agent, broker, investment banker or other Person is or will be entitled to any broker's or finder's fee or any other commission or similar fee from such Investor in connection with any of the transactions contemplated by this Agreement or the other Transaction Documents.